



**Cabinet recommendations for consideration by Council
at the Meeting of the Council on Thursday, 18 July 2013**

Cabinet – 11 July 2013

32 Finance Update

The Cabinet considered Report No 114/13 which provided an update on financial matters that affected the General Fund Revenue Account, the Housing Revenue Account and the approved Capital Programme.

Appendix 1 to the Report set out the latest statement of Treasury Management activity since the last report to Cabinet in June 2013.

Treasury management in local government was governed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in the Public Services. The Council had adopted the Code and complied with its requirements one of which was that the Council should receive an Annual Treasury Management Report following the end of each financial year. That Report included the results of the various indicators which the Council set each year in accordance with the Prudential Code for Capital Finance in Local Authorities.

In accordance with the Council's approved Treasury Strategy Statement, the Audit and Standards Committee reviewed all treasury activity that took place in order to confirm that it had been undertaken in accordance with the approved Strategy.

The Annual Treasury Management Report for 2012/2013 was set out at Appendix 2 to Report No 114/13. The Audit and Standards Committee had considered that Annual Report at its meeting on 24 June 2013 and had no specific comments to pass to Cabinet. Therefore, Cabinet was invited to recommend that Council approve the Annual Report.

Paragraph 4 of Report No 114/13 provided a summary of the key elements of the Council's financial performance for 2012/2013 with particular regard to the General Fund, the Housing Revenue Account and the Collection

Fund. Details relating to the Capital Programme outturn had been reported to Cabinet at its meeting on 13 June 2013.

The Director of Finance had reported to the Audit and Standards Committee at its meeting on 24 June 2013 that, by 28 June 2013, he would approve the draft Annual Financial Report which incorporated the formal Statement of Accounts for 2012/2013, and that the Council's external auditor would start its audit of the accounts in July.

The total movement and year end position on each of the General Fund Reserves was set out at Appendix 3 to the Report which incorporated transfers between reserves that had been agreed by Council in February 2013 following a review by the Scrutiny Committee and Cabinet. In total, £9.434m was held at 31 March 2013. That Appendix also showed the projected balance held by each of the Reserves at 31 March 2014 after account had been taken of agreed contributions to, and the use of, reserves in 2013/2014.

Appendix 3 also showed that the General Fund had an actual balance of £8.899m at 1 April 2012 which had risen to £9.434m at 31 March 2013 due mainly to the New Homes Bonus Funding. However, it was anticipated to reduce to £6.760m by 31 March 2014.

Paragraph 6.1 of the Report set out details of a proposed grant in the sum of £4,350 to Starfish Youth Music (Starfish). In March 2013, the Leader of the Council, under his delegated authority, had awarded 50% discretionary rate relief to that organisation which was based in North Street, Lewes, in a property which formed part of the proposed future development for that area of the town. That level of relief was consistent with the Council's current discretionary rate relief policy in respect of non-profit making organisations which were not registered as charities.

Starfish's intention was to register as a Community Interest Company, rather than as a charity, because it considered that such status was more appropriate to its objectives and management. A meeting had been held between the Council, Starfish and its landlord in order to explore options for supporting the continued operation of Starfish which had invested more than £30,000 in establishing its presence in North Street. The proposed solution, which Cabinet was asked to support, was that the landlord would offer a rent reduction with a maximum gross value of £4,350, to be match funded by a £4,350 grant from the Council. As part of that proposal, Starfish would also submit a bid for funding to Lewes Town Council and receive support from the landlord in developing a business plan.

Paragraph 6.3 of the Report set out details relating to a proposed additional grant in the sum of £13,465 to Lewes and Seaford Citizens Advice Bureau (CAB). The Council's approved 2013/2014 budget included £136,300 as funding for the CAB with a further £9,250 made available from the Housing Revenue Account in respect of support to tenants.

The CAB had formed a partnership with Newhaven Community Development Association and Brighton Housing Trust (BHT) to improve access to advice through effective referral and holistic support. The project funding was for two years and included money to develop impact evidence for stakeholders to build a business case for sustained funding by the end of the project.

The proposal was for a hub and spoke model of advice provision across Lewes District with a one stop hub in Newhaven for specialist advice from BHT/CAB, holistic support and cost savings through shared reception and gateway services. The project would provide for 2.5 days of housing advice through BHT, 3 days of adviser training for the CAB plus 2.5 days of specialist benefits advice for which the CAB had requested match funding from the Council in the sum of £13,465 which, if granted, would enable it to increase to full time.

The Director of Finance updated Councillors regarding an opportunity to accelerate the receipt of investment funds with assistance from external advisors. The implications of the proposal were considered and the consensus was to progress the opportunity to improve the Council's cash flow position provided the outcome represented fair value.

Recommended:

- 32.1** That the Annual Treasury Management Report for 2012/2013, as detailed in Report No 114/13, be approved.

DF (to note)

It was further

Resolved:

- 32.2** That the final position on the General Fund, Housing Revenue Account and Collection Fund accounts for 2012/2013, as detailed in the Report, be noted;
- 32.3** That the allocation of Reserves, as shown in Appendix 3 to the Report, be confirmed;
- 32.4** That a grant in the sum of £4,350 to Starfish Youth Music, as explained in paragraph 6.1 of the Report, be approved;
- 32.5** That an additional grant in the sum of £13,465 to Lewes and Seaford Citizens Advice Bureau, as explained in paragraph 6.2 of the Report, be approved;
- 32.6** That the Director of Finance be authorised to progress the Treasury Management opportunity upon which he had updated Councillors at the meeting; and
- 32.7** That the remainder of the Report be received and noted.

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In accordance with paragraph 17 of the Scrutiny Procedure Rules, Cabinet agreed that Resolution 32.6 above was urgent in order that its response to the issue referred to therein could be sent by the deadline date and, therefore, was not subject to the call-in procedure.

Reasons for the Decisions:

A report on funding issues in relation to the Council's General Fund Revenue Account, Housing Revenue Account and Capital Programme is made to each meeting of the Cabinet to ensure that the Council's financial health is kept under continual review. It is essential to ensure that the Council has a sound financial base from which to respond to changing activity levels and demand for statutory services and to ensure that, when appropriate, its finances are adjusted in response to reducing income levels and inflationary pressures on expenditure.

The Council's Treasury Management function deals with very large value transactions on a daily basis. It is essential that the Council is satisfied that appropriate controls are in place and in accordance with the Code of Practice on Treasury Management in the Public Services prepared by the Chartered Institute of Public Finance and Accountancy and adopted by the Council.

† *The Recommendation, and not the Resolutions, in the above Minute is for consideration by Council.*

Councillors are requested to bring with them to the meeting Report No 114/13 which was circulated with the agenda papers for the meeting of the Cabinet on 11 July 2013. If you require a further copy of the document please contact Trevor Hayward, Committee Officer, on e-mail trevor.hayward@lewes.gov.uk or telephone 01273 484122